

Chapter 01 Introduction to Services

Multiple Choice Questions

1. (p. 4) In the simplest terms, _____ are deeds, processes and performances.

- A. Attributes
- B. Experiences
- C. Services
- D. Goods
- E. Benefits

Difficulty: Easy

2. (p. 4) The maintenance contract offered by Sears on its Kenmore refrigerators, dishwashers and microwaves is an example of a(n) _____.

- A. Service
- B. Experience
- C. Attribute
- D. Good
- E. Benefit

Difficulty: Easy

3. (p. 4) When Heather goes to the local gym, she has a personal trainer who helps make sure she is using the equipment correctly. The personal trainer is an example of a(n):

- A. Service
- B. Experience
- C. Attribute
- D. Good
- E. Benefit

Difficulty: Easy

4. (p. 4) Many people when they go on vacation are choosing to leave their dogs in posh pet resorts that offer a variety of activities for the dogs, such as swimming pool frolics, nature walks and hayrides. Dog owners are paying \$17 per night for basic boarding at the pet resorts and up to an additional \$20 for the other activities, which would be collectively classified as:
- A. Goods
 - B. Values
 - C. Services**
 - D. Satisficers
 - E. Attributes

Difficulty: Easy

5. (p. 6) _____ is a key determinant of whether a product offering should be classified as a product or a service.
- A. Physicality
 - B. Audience passivity
 - C. Tangibility**
 - D. Perception
 - E. Abstraction

Difficulty: Easy

6. (p. 4) Which of the following is an intangible component of a car repair shop?
- A. Replacement parts
 - B. Employee uniforms
 - C. Barrel for storing recyclable motor oil
 - D. The training the mechanic has received**
 - E. Customer waiting area

Difficulty: Easy

7. (p. 4) Which of the following is an example of a tangible component provided by a hotel?

- A. Wake-up call
- B.** Guest rooms
- C. Room service
- D. Express check-out
- E. Guaranteed reservations

Difficulty: Easy

8. (p. 3, 11) Which of the following is NOT an example of a service business?

- A. Amusement park
- B. Hotel
- C. Bank
- D. Department store
- E.** Soft drink bottler

Difficulty: Easy

9. (p. 17) Extron Electronics makes coaxial cables for connecting computers to all types of peripheral devices like printers, modems and fax machines. For the benefit of its customers, Extron provides a laminated card with pictures of all the possible cable connections that a customer could need. With this card, a customer can order from one to any number of connectors with as many feet of cable as is needed. Orders can be placed using a toll-free number, a fax number or an e-mail address. Company reps are also available 24-hours a day in case the customer is not sure which drawing on the card matches his or her needs. Orders are shipped within 48-hours of receipt. If a customer is not completely satisfied with his or her order, Extron has a 100 percent satisfaction guaranteed return policy. Which of the following trends that has influenced the development of services marketing concepts and strategies as illustrated by Extron's focus on customer service?

- A. The increasing importance of service industries to the U.S. and world economies
- B. The increase of government regulation of service industries
- C. The growth in information-based technology
- D. Increased competition in professional services
- E.** Manufacturing firms are placing increased emphasis on providing services

Difficulty: Moderate

10. (p. 7) Which of the following trends has directly influenced the development of services marketing concepts and strategies?

- A. The decreasing importance of service industries to the U.S. and world economies
- B. The growth in information-based technology
- C. Decreased competition in professional services
- D.** The fact that manufacturing firms are placing increased emphasis on providing services
- E. None of the above

Difficulty: Moderate

11. (p. 8) On his way to work today, Terry saw a billboard for a physician's group that specialized in vascular surgery. In his local newspaper there was a full-page ad for a medical clinic that performed similar surgery. Then in his mail, he got a brochure from yet another medical clinic asking him if he wanted to get rid of ugly varicose veins. Which trend that influenced the development of services marketing concepts and strategies is illustrated here?

- A. The increasing importance of service industries to the U.S. and world economies
- B. The increase of government regulation of professional service industries
- C. The growth in database marketing
- D.** Increased competition in professional services
- E. Professional firms are placing increased emphasis on providing services

Difficulty: Easy

12. (p. 10) Which of the following statements about services is true?

- A. A service economy produces services at the expense of other sectors
- B. Service jobs are low paying and menial
- C. Service production is labor intensive and low in productivity
- D. Service is a necessary evil for manufacturing firms
- E.** The skills needed for managing services differ from those used for managing manufacturing businesses

Difficulty: Easy

13. (p. 14) Without good mailing lists, businesses cannot engage in effective direct-marketing advertising. On average 20 percent of the U.S. population moves annually. Return Path is a company that provides changes of addresses to businesses. It takes a business's mailing list, compares it to address changes that it gathers daily in its database and makes any necessary corrections. Return Path is a part of which trend in the services marketing industry?

- A. The increasing importance of service industries to the U.S. and world economies
- B. The decrease of human interaction as a result of widespread use of technology-based services
- C. The growth in the use of technology-based services
- D. Increased competition in the direct-mail industry
- E. The fact that direct marketing firms are placing increased emphasis on providing services

Difficulty: Easy

14. (p. 14) Garrett and Hugh were having breakfast when they decided they wanted to have pizza and watch a video that night. Garrett turned on her computer, brought up the site of a local video store and ordered the movie Cold Mountain to be delivered to her doorstep at 7 p.m. Next she logged on to her favorite pizza restaurant's Web site and ordered a large pepperoni pizza and a bottle of her favorite soda to be delivered at 6:45 p.m. Garrett and Hugh enjoyed their evening. The next morning the video store had someone pick up their tape at Hugh's office. Which trend that influenced the development of services marketing is illustrated here?

- A. The increasing importance of service industries to the U.S. and world economies
- B. The decrease of human interaction as a result of widespread use of technology-based services
- C. The growth in the use of technology-based services
- D. Increased competition in the entertainment industry
- E. The fact that manufacturing firms are placing increased emphasis on providing services

Difficulty: Easy

15. (p. 30) Which of the following statements has been suggested as a plausible explanation for the customer perception that service quality is declining?

- A. Technology-based services, which are superior to human-based services, are not being implemented enough
- B. Services are leveling the playing field and consistently trying to offer the same level of service to every customer
- C. Companies are decreasing their reliance on self-service and increasing the use of human interaction in the performance of services
- D.** Customer expectations are higher because of the excellent service they receive from some companies
- E. Even though it is Easy to provide consistent, high-quality service, many companies do not want to do it

Difficulty: Moderate

16. (p. 30) Which of the following statements has been suggested as a plausible explanation for the customer perception that service quality is declining?

- A.** Increasing use of technology is perceived by many customers as less service because there is no human interaction
- B. Companies provide unclear tactics for customers to follow when dealing with service providers
- C. Delivering consistent, high-quality service becomes routine
- D. Customers have no concept of what conditions produce to quality service
- E. Too many talented employees are left mired in front-end jobs that do not challenge them

Difficulty: Moderate

17. (p. 15) Which of the following statements about how technology has positively influenced service is true?

- A. Technology provides vehicles for delivering existing services in more accessible, convenient, productive ways
- B. Technology facilitates basic customer service functions
- C. Technology facilitates transactions by offering a direct vehicle for making purchases
- D. Technology provides an Easy way for customers to learn and do research about products and companies
- E.** All of the above statements about how technology has influenced service are true

Difficulty: Easy

18. (p. 14) Which of the following statements describes how consumers and employees are responding to technology-based services?

- A. Services can readily calm fears that privacy may be sacrificed if technology is used
- B. An infusion of technology can lead to an increase in human interaction
- C. The payback for investments in technology is a certainty
- D.** Employees are often reluctant to integrate technology into their work lives
- E. All of the above statements describe how consumers and employees are responding to technology-based services

Difficulty: Easy

19. (p. 20) The most basic and universally cited, difference between goods and services is:

- A. Heterogeneity
- B. Perishability
- C.** Intangibility
- D. Comparability
- E. Divisibility

Difficulty: Easy

20. (p. 20) The characteristic of a service that means that it cannot be seen, felt, tasted or touched is:

- A.** Intangibility
- B. Heterogeneity
- C. Divisibility
- D. Perishability
- E. Compatibility

Difficulty: Easy

21. (p. 20) On a recent visit to The Home Depot store, a sales associate greeted Gigi when she entered the store, helped her locate the items she needed to repair her gutters and suggested how she could prevent gutter problems in the future. The assistance provided by the sales associate illustrates the _____ of services.

- A. Intangibility
- B. Comparability
- C. Divisibility
- D. Perishability
- E. Compatibility

Difficulty: Easy

22. (p. 20) In India weddings are timed to occur when Venus is in the ascendant and Jupiter is strong. This day is deemed lucky. In 2005, almost 15, 000 couples in New Delhi had their wedding on December 25, the day astrologers announced would be the best day for a wedding. The service provided by the astrologers is an excellent illustration of the _____ of services.

- A. Intangibility
- B. Comparability
- C. Divisibility
- D. Perishability
- E. Compatibility

Difficulty: Easy

23. (p. 20) Last November, Andrew and Jana went to talk to a wedding consultant about planning their June wedding. The consultant congratulated them on thinking ahead and then began to ask them questions about what kind of wedding they wanted. She gave them a book that contained all the information they needed to plan a memorable wedding. They met with the consultant regularly to talk about how the plans were coming and made more decisions with her help. The consultant helped them with everything from invitations to wedding reception favors. She even went with Jana to select her wedding gown and her bridesmaids' gowns. The sort of assistance provided by the wedding consultant illustrates the _____ of services.

- A. Intangibility
- B. Comparability
- C. Divisibility
- D. Perishability
- E. Compatibility

Difficulty: Easy

24. (p. 21) Which of the following statements describes a marketing implication that results from the intangibility of services?

- A. Customers participate in and affect the transaction
- B. Service quality depends on many uncontrollable factors
- C. Services can be readily communicated
- D. There is no sure knowledge that the service delivered matches what was planned and promoted
- E. Services cannot be inventoried

Difficulty: Easy

25. (p. 21) The characteristic of a service that refers to differences in employees' performances is:

- A. Intangibility
- B. Heterogeneity
- C. Divisibility
- D. Perishability
- E. Simultaneous production and consumption

Difficulty: Easy

26. (p. 21) The first time Terry brought his car to Auto Lube to have the oil changed he was very satisfied with the service. The service manager consulted him several times while his car was being serviced, asked him if there were any problems with the car, recommended when additional services should be performed and answered questions directly and politely. However, when Terry went back to Auto Lube after three months to have his oil changed again, he was not satisfied with the service. The manager spoke to him only when he arrived and when he paid his bill. In addition, the manager was impatient and unfriendly during the interaction. Terry's experience at Auto Lube illustrates the _____ of services.

- A. Intangibility
- B. Heterogeneity**
- C. Simultaneous production and consumption
- D. Perishability
- E. Divisibility

Difficulty: Easy

27. (p. 21) The first time Alexis went to take golf lessons, she had a golf pro who was very patient with her and who was able to pinpoint what she was doing wrong without making her feel uncoordinated. Her second golf lesson was not nearly as helpful. The golf pro who gave the lesson wanted Alexis to watch what he was doing and imitate his swing. He was unable to verbalize his instructions. Alexis's experience with the two golf instructors illustrates the _____ of service.

- A. Intangibility
- B. Heterogeneity**
- C. Simultaneous production and consumption
- D. Perishability
- E. Divisibility

Difficulty: Easy

28. (p. 21) Two roommates both registered for an introduction to business class. At midterm, one roommate found his instructor so boring that he was thinking of changing his major to history. The other roommate had a charismatic teacher and looked forward to going to class. This heterogeneity of instruction demonstrates:

- A. How difficult it is to synchronize supply and demand with service
- B. That customer service depends on employee actions**
- C. How customers affect each other
- D. The fact services cannot be readily communicated or displayed
- E. Why services cannot be inventoried

Difficulty: Easy

29. (p. 21) Weddings have always been lavish in India. Vandana Mohan is New Delhi's most successful wedding planner. The average New Delhi middle-class wedding in 2005 cost \$20,000 with one recent wedding costing more than \$10 million. Because budgets vary as do the desires to show off one's ability to engage in conspicuous consumption, Vandana Mohan sometimes finds it difficult to maintain his reputation for lavish and beautiful weddings. The problems associated with the planning of weddings illustrate the _____ characteristic of services.

- A. Versatility
- B. Heterogeneity**
- C. Simultaneous production and consumption
- D. Perishability
- E. Intangibility

Difficulty: Easy

30. (p. 21) Parents everywhere are very busy and often cannot spend time with their children. In the Netherlands, children who want a bedtime story can call the telephone service and request to listen to one of twenty prerecorded fairy tales. The phone company charges \$7 per story. Because of the prerecording of the stories, this bedtime service reduces the problems typically associated with the _____ characteristic of services.

- A. Versatility
- B. Heterogeneity**
- C. Simultaneous production and consumption
- D. Perishability
- E. Intangibility

Difficulty: Easy

31. (p. 22) Which of the following is a marketing implication that results from the heterogeneity of services?

- A. Services cannot be returned or resold
- B. Services cannot be patented
- C. Services cannot be inventoried
- D. Mass production of services is difficult**
- E. All of the above are marketing implications resulting from the heterogeneity of services

Difficulty: Easy

32. (p. 22) Because of the _____ of services, service producers find themselves playing a role as part of the product itself and an essential ingredient in the service experience for the consumer.

- A. Comparability
- B. Intangibility
- C. Heterogeneity
- D. Simultaneous production and consumption**
- E. Perishability

Difficulty: Easy

33. (p. 22) Due to the _____ characteristic of services, customers can affect the transaction and how others perceive the transaction.

- A. Comparability
- B. Intangibility
- C. Heterogeneity
- D.** Simultaneous production and consumption
- E. Perishability

Difficulty: Easy

34. (p. 22) The Offshore Sailing School in Jersey City, New Jersey offers a basic sailing course, which takes place in three days over two weekends, for \$495. Students enrolled in the course attend classroom sessions that cover the theory and technology of sailing and receive hands-on sailing instructions in the water that introduces them to all fundamental sailing skills. Student participation in the Offshore Sailing School's classroom sessions and hands-on sailing instructions illustrates the _____ characteristic of services.

- A. Versatility
- B. Heterogeneity
- C.** Simultaneous production and consumption
- D. Perishability
- E. Intangibility

Difficulty: Easy

35. (p. 22) For their wedding anniversary, Beth and Rick wanted to go skydiving. They enrolled in a skydiving class at the local airport at a cost of \$260. After a 30-minute training course in which everything that was going to happen to them was carefully explained, Beth and Rick were sent up in an airplane with two skydiving experts. Each was placed in a harness arrangement with one of the experts and did what is called a tandem dive. With a tandem dive, Beth and Rick get to enjoy the experience without having to worry about when to open the parachute. The skydiving expert does that for them. This tandem jump illustrates the _____ characteristic of services.

- A. Versatility
- B. Heterogeneity
- C. Simultaneous production and consumption
- D. Perishability
- E. Intangibility

Difficulty: Easy

36. (p. 22) Which of the following statements describes a marketing implication that results from the simultaneous production and consumption of services?

- A. Services cannot be returned or resold
- B. Service quality depends on many uncontrollable factors
- C. Employees affect the service outcome
- D. Services cannot be readily displayed or communicated
- E. There is no sure knowledge that the service delivered matches what was planned and promoted

Difficulty: Easy

37. (p. 22) _____ refers to the fact that services cannot be saved, stored, resold or returned.

- A. Intangibility
- B. Heterogeneity
- C. Simultaneous production and consumption
- D. Perishability
- E. Incompatibility

Difficulty: Easy

38. (p. 22) In India weddings are timed to occur when the stars and planets are in certain positions, which are deemed lucky. In 2005, almost 15,000 couples in New Delhi had their wedding on December 25, the day astrologers announced would be the best day for a wedding. Wedding planners had to prepare all year for this one date instead of planning lots of weddings throughout the year. The service provided by the Indian wedding planners illustrates the _____ characteristic of services.

- A. Versatility
- B. Heterogeneity
- C. Simultaneous production and consumption
- D. Perishability**
- E. Intangibility

Difficulty: Easy

39. (p. 22) An attorney who charges a client for a missed appointment is taking into account the _____ characteristic of services.

- A. Heterogeneity
- B. Simultaneous production and consumption
- C. Incomparability
- D. Perishability**
- E. Intangibility

Difficulty: Easy

40. (p. 22) Bob Wilson owns and operates Flashdance Skating Rink. Last Monday afternoon, he had rented the rink out for a birthday party that was cancelled at the last minute due to a flu epidemic that had sickened three-fourths of the children who were invited. While Wilson kept the deposit, he did not get the skate rental fees or the snack food money he had anticipated from the rental. Wilson lost money as a result of the _____ characteristic of services.

- A. Heterogeneity
- B. Simultaneous production and consumption
- C. Incomparability
- D. Perishability**
- E. Intangibility

Difficulty: Easy

41. (p. 20) Which of the following is a marketing implication that results from the perishability of services?

- A. Service quality depends on many uncontrollable factors
- B. Employees affect the service outcome
- C. Synchronizing supply and demand is difficult**
- D. Customers participate and affect the service outcome
- E. Service delivery and customer satisfaction depend on employee actions

Difficulty: Easy

42. (p. 23) Which of the following is NOT an element of the traditional marketing mix?

- A. Production**
- B. Place
- C. Product
- D. Price
- E. Promotion

Difficulty: Easy

43. (p. 24) In addition to the elements of the traditional marketing mix, the expanded mix for services includes:

- A. Positioning, personalization and process
- B. People, physical evidence and process**
- C. Personalization, procurement and people
- D. Profit, production and psychology
- E. People, partnerships and positioning

Difficulty: Easy

44. (p. 24) Which of the following is an example of the people element of an airline company's services marketing mix?

- A. Pilots
- B. Baggage handlers
- C. Customers
- D. Flight attendants
- E.** All of the above

Difficulty: Easy

45. (p. 24) Andreason Removal Company removes asbestos from old houses and buildings. Which of the following is an example of the people element of services marketing mix?

- A. Federal inspectors who check behind Andreason's employees to make sure the job is done properly
- B. People in the community where it disposes of the asbestos
- C. Physicians who have studied the dangers of breathing asbestos
- D.** People who hire the company to remove the asbestos from their property
- E. Suppliers who provide the uniforms and masks to protect Andreason's employees from the asbestos

Difficulty: Easy

46. (p. 24) When Alicia and Jordan dined at Formia Ristorante, a contemporary Italian restaurant in New Jersey, they both enjoyed Formia's coy, smart and embracing atmosphere. Formia creates this atmosphere with a single large dining room that measures 20 by 60 feet and contains 14 roomy tables. Ceiling fans slowly swirl as candlelight dances across the tables that are attentively cared for by servers. Vertical pink and white florid patterns emerge from old wainscoting. Finally, Formia's two-page menu offers guests a range of pasta, chicken, veal and seafood entrees, in addition to nightly specials that are handwritten and presented on large index cards. Alicia and Jordan experienced the _____ element of Formia Ristorante's services marketing mix.

- A. Product
- B. Production
- C. Process
- D. Place
- E.** Physical evidence

Difficulty: Easy

47. (p. 24) Ruth recently visited a day care center that is convenient to her work. Ruth is thinking of letting the day care workers care for her infant son while she is at work. The first thing Ruth noticed when she walked in the door of the facility was the smell of urine. There was a dead plant in the window. Three babies were crying and no one was paying them any attention. Other children that Ruth could see looked listless. In this example, Ruth experienced the negative side of the _____ element of the day care center's services marketing mix.

- A. Product
- B. Production
- C. Process
- D. Place
- E.** Physical evidence

Difficulty: Easy

48. (p. 24) Historically, the Japanese have had poor dental care. As part of their beauty regimen, the Japanese do have a habit of lightening and whitening their skin. Teethart has developed "tooth manicure" salons, which allow Japanese to match their teeth coloration to their skin. Each treatment takes place in a small booth, which contains an ergonomically-designed chair, muted lights and New Age-style music. The walls are painted calming shade of blues and greens. Teethart uses the _____ element of its service to reduce stress associated with dental procedures.

- A. Product
- B. Production
- C. Process
- D. Place
- E.** Physical evidence

Difficulty: Easy

49. (p. 24) Historically, the Japanese have had poor dental care. As part of their beauty regimen, the Japanese do have a habit of lightening and whitening their skin. Teethart has developed "tooth manicure" salons, which allow Japanese to match their teeth coloration to their skin. A personalized whitening mouthpiece is developed for each patient. The mouthpiece is placed around the teeth and a cleaning solution is added. The patient listens to soothing music and sits in a comfortable chair while his or her teeth are whitened. Monthly treatments in this spa-like environment reflect the _____ element of Teethart's service mix.

- A. Product
- B. Production
- C. Process
- D. Place
- E. Promotion

Difficulty: Easy

50. (p. 24) Yesterday, Mike went to the dentist for his 6-month check-up. Two weeks before he went to the dentist, he called the office to make an appointment. The day before his check-up, the office's receptionist called him to confirm his appointment. When Mike arrived at the office, he checked in with the receptionist and then waited in the waiting room for 15 minutes, reading a magazine, before being greeted by the dental hygienist, who escorted him to an examination room. The dentist entered the room, greeted Mike, examined Mike's teeth, took a set of x-rays and asked the dental hygienist to clean Mike's teeth. When his teeth were cleaned, the hygienist told Mike he should return in 6 months for another check-up. Mike experienced the _____ element of the dental office's services marketing mix.

- A. Product
- B. Personalization
- C. Process
- D. Place
- E. Physical evidence

Difficulty: Easy

True / False Questions

51. (p. 6) Corn, bricks and paper clips are three examples of tangible dominant products.
TRUE

Difficulty: Easy

52. (p. 5) According to the concept of derived services, the value derived from physical goods is really the service provided by the good, not the good itself.
TRUE

Difficulty: Easy

53. (p. 10) The development of services marketing concepts has been strongly influenced by professional services like doctors and attorneys.
TRUE

Difficulty: Easy

54. (p. 12) Despite the importance of services and the bottom-line profit potential for services, consumers perceive that overall the quality of service they are receiving is declining.
TRUE

Difficulty: Easy

55. (p. 10) The deregulation of industries has actually lessened the demand for services marketing skills.

FALSE

Difficulty: Easy

56. (p. 16) Technology is creating a demand for ethnocentric services.

FALSE

Difficulty: Easy

57. (p. 17) All businesses and organizations that operate on the Internet are essentially providing a service.

TRUE

Difficulty: Easy

58. (p. 22) Because a product is tangible, it cannot be inventoried.

FALSE

Difficulty: Easy

59. (p. 22) Because the production and consumption of services is simultaneous, the mass production of services is difficult.

TRUE

Difficulty: Easy

60. (p. 22) A primary issue that marketers face in relation to service perishability is ensuring service quality over time.

FALSE

Difficulty: Easy

61. (p. 21) Pricing is easier when marketing services than when marketing goods.

FALSE

Difficulty: Easy

62. (p. 24) The seven elements of the marketing mix for services are product, promotion, place, price, process, physical evidence and people.

TRUE

Difficulty: Easy

Short Answer Questions

63. (p. 4) What do deeds, processes and performances have in common?

Those words together define what a service is.

Difficulty: Moderate

64. (p. 4) What do tax preparation services, law offices, dental practices and architects have in common?

They are all industries classified as part of the service sector.

Difficulty: Moderate

65. (p. 6) What is the key determinant of whether a product is a good or a service?

Its intangibility.

Difficulty: Moderate

66. (p. 6) Luke Rison has developed a great new massage therapy that can completely alleviate the pain produced by the typical migraine headache. He wants to patent his massages. What is wrong with this plan?

A massage is a service. Services are by definition intangible. Intangibles cannot be patented.

Difficulty: Moderate

67. (p. 6) Weight loss centers provide moral support and weight-loss aids to those who believe they need to diet. The centers often use before and after pictures of their most successful cases to overcome problems associated with which service characteristic?

Intangibility.

Difficulty: Moderate

68. (p. 20) Keith overheard two women comparing the way the dog groomer clipped their poodles. One claimed the groomer did not cut the hair between her dog's toes as was advertised, but that everything else about the cut was perfect. The other groused that the groomer left the hair on her dog's tail too long, but at least the hair on his feet had been cut. Which characteristic of service were the two women discussing?

Heterogeneous.

Difficulty: Moderate

69. (p. 21, 22) Briefly explain why it is impossible to mass produce a service.

Services are typically produced and consumed at the same time.

Difficulty: Moderate

70. (p. 22) Imagine you own an ice skating rink that operates in Aspen, Colorado. What is your primary concern when considering service perishability?

Your inability to create an inventory when demand for your service is low.

Difficulty: Moderate

71. (p. 22) Maria Kingsley is a fortune teller. She is concerned because today two of her clients missed their appointments to have her read their Tarot cards and she had plans for the money she would have earned. With which characteristic of services is Kingsley most concerned?

Perishability.

Difficulty: Moderate

72. (p. 24) A service provider is studying other services to see how they achieve and maintain service quality. The service provider has looked at nurses, concierges, massage therapists and department store customer service representatives. With which element of the services marketing mix is the service provider concerned?

People.

Difficulty: Moderate

73. (p. 24) Which elements of the services marketing mix are influenced by the techniques used to recruit and train new employees as telemarketers?

People and process.

Difficulty: Moderate

74. (p. 24) Which element of the services marketing mix is influenced by the health inspector's report that is prominently displayed in all restaurants?

Physical evidence.

Difficulty: Moderate

75. (p. 24) Which elements of the services marketing mix is being used when the guy preparing pizzas in the front window of an Italian restaurant tosses the pizza dough in the air?

People and process.

Difficulty: Moderate

76. (p. 24) An airline is concerned with whether its passengers are satisfied with how their luggage is handled before, during and after a flight. With which element of the services marketing mix is the airline concerned?

Process.

Difficulty: Moderate

77. (p. 16) How are customers and employees responding to the proliferation of technology-based services?

Technology is providing vehicles for delivering existing services in more accessible, convenient, productive ways. Technology facilitates basic customer service functions such as bill paying and order tracking. Technology also facilitates transactions by offering a direct vehicle for making purchases. Technology also gives customers access to a wealth of information. Through self-service technologies, customers can serve themselves more effectively. On the downside, customers worry about privacy and the confidentiality of their personal information. Customer technology readiness is also an issue with some customers who prefer to be laggards. With technology infusion, there is a loss of human interaction, which may be seen as a negative by both customers and employees.

For employees, technology can provide tremendous support in making them more efficient and effective in delivering services. Customer relationship management and sales support software are broad categories of software that can aid front-line employees in providing better service. Employees can use the information available through technology to customize services and create greater customer satisfaction. Not all employees are eager to integrate technology into their work life either because they don't want to change or they don't see value in the new technology.

Difficulty: Challenging

78. (p. 17) What does it mean when someone says, "The Internet is a service"?

All businesses and organizations that operate on the Internet are essentially providing services-whether they are giving information, performing basic, service functions or facilitating transactions. Thus, all the tools, concepts and strategies learned in studying services marketing have direct application to e-business. Although the Internet has changed how people do business and what offerings are possible, it is clear that what customers still want is basic services.

Difficulty: Challenging

79. (p. 20-22) List the four characteristics of service and discuss how each would impact the marketing of a chain of fitness centers that is being started by six former Olympic athletes.

Student answers will vary. They need to look at intangibility, heterogeneity, simultaneous production and consumption and perishability issues and relate each to its marketing implications listed in Table 1.2. The following is a possible answer.

Intangibility-If they develop some unique weight-training or aerobic exercise program, they cannot be patent it. Moreover, it could be easily copied by competitors. The service itself is difficult to promote because they can only show the results of using their fitness center. Pricing will also be complex because of the intangibility of service-people have to believe they are getting their money's worth.

Heterogeneity-Employees must be carefully trained and even then inconsistency of service is a possibility, especially if an employee has to work overtime. There are many uncontrollable factors that determine the effectiveness of the fitness center, including the motivation level of the customers. There is no way the athletes can be sure customers are receiving the services exactly as they are being promoted-what if an aerobics instructor is sick.

Simultaneous production and consumption-Patrons who sign up but don't attend miss the benefits of the program as do patrons who talk others into boycotting instructors who require a full commitment. Employees who are not committed to fitness and miss exercise classes also can cause problems.

Perishability-Fluctuating attendance in terms of time of day and day of week will make it difficult to provide the service. If members are not there at the time the class is offered, that class cannot be resold.

Difficulty: Challenging

80. (p. 24, 25) Stakeholders are defined as all the people who have an interest in the success or failure of a firm. With this definition in mind, comment on the following statement: "All stakeholders are a part of the people element of the services marketing mix".

People who would have an interest in the success or failure of an organization would include its employees, suppliers, stockholders, distributors, legislators and government officials, consumer advocates and people in the community. The people element includes all human actors who play a part in service delivery. Therefore, the two terms are not typically synonymous. The people element of a service is limited to employees and customers.

Difficulty: Challenging